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RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

March 7, 1997

HAND DELIVERED

Mr. William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

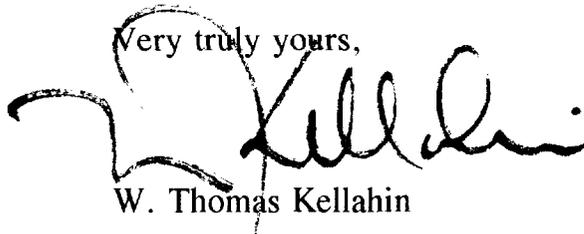
11754

**Re: N/2SE/4 of Irregular Section 3, T16S, R35E, NMPM
Application of Amerind Oil Company, Ltd.
for Compulsory Pooling, South Big Dog-Strawn Pool,
Lea County, New Mexico**

Dear Mr. LeMay:

On behalf of Amerind Oil Company, Ltd. please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for April 3, 1997. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Amerind Oil Company, Ltd.
Attn: Robert C. Leibrock

CASE 11794: Application of Amerind Oil Company, Ltd. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the N/2SE/4 of Irregular Section 3, T16S, R35E, NMPM, Lea County, New Mexico, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within said vertical extent, which presently may include but is not necessarily limited to the South Big Dog-Strawn Pool. Said unit is to be dedicated to Applicant's well to be drilled at a standard well location in this spacing unit. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of ~~the Amerind Oil Company, Ltd.~~ as the operator of the well and a charge for risk involved in said well.

Said unit is located approximately 4 miles west ^{of} Lovington, New Mexico.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION
OF AMERIND OIL COMPANY, LTD.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 11754

A P P L I C A T I O N

Comes now AMERIND OIL COMPANY, Ltd. by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the N/2SE/4 of Irregular Section 3, T16S, R35E, NMPM, Lea County, New Mexico, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within said vertical extent, which presently may include but is not necessarily limited to the South Big Dog-Strawn Pool. Said unit is to be dedicated to applicant's well to be drilled and completed at a standard well location in this spacing unit. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Amerind Oil Company, Ltd. as the operator of the well and a charge for risk involved in said well.

In support of its application, Amerind Oil Company, Ltd. ("Amerind") states:

1. Amerind controls 82.5% of the working interest ownership in the oil and gas minerals from the surface to the base of the Strawn formation underlying the N/2SE/4 of Irregular Section 3, T16S, R35E, NMPM, Lea County, New Mexico.
2. The N/2SE/4 of Irregular Section 3 is located within one-mile of the current boundaries of the South Big Dog-Strawn Pool.

3. The Special Rules and Regulations of the New Mexico Oil Conservation Division promulgated for the South Big Dog-Strawn Pool (Order R-9722-C), require that the N/2SE/4 of Irregular Section 3 be combined to form a standard 80-acre proration and spacing unit.

4. Despite its good faith efforts, Amerind has been unable to obtain a written voluntary agreement from the parties listed on Exhibit "A."

5. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Amerind needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

6. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for April 3, 1997.

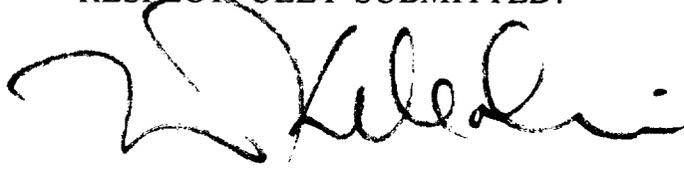
WHEREFORE, Amerind, as applicant, requests that this application be set for hearing on April 3, 1997 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for the drilling, completing and operating the subject well at a standard well location upon terms and conditions which include:

- (1) Amerind Oil Company, Ltd. be named operator;
- (2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200 %;

(4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

(5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin". The signature is fluid and cursive, with a large initial "W" and a long, sweeping tail.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285

EXHIBIT "A"

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Midland, Texas 79701

A. L. Cone Partnership
P. O. Box 3457
Lubbock, Texas 79452
Attn: Mr. Larry Petree

Elva Moad
P. O. Box 456
Crosbyton, Texas 79322

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c/o Mary A. Irwsinski
4404 Odessa Avenue
Fort Worth, Texas 76110

Estate of L. W. Howard
c/o Mary A. Irwsinski
4404 Odessa Avenue
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Estate of Rieta Schnaubert
c/o Mary A. Irwsinski
4404 Odessa Avenue
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Ameristate Oil & Gas
1211 West Texas Avenue
Midland, Texas 79701
Attn: Mark Nearburg

John F. Herbig, Jr.
110 North Marienfeld Str. Ste 110
Midland, Texas 79701

Fuel Products, Inc.
P. O. Box 3098
Midland, Texas 79702
Attn: Thomas M. Bell